

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-01 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 ABF-01 L-02

H-01 TAR-01 AGR-05 PA-01 PRS-01 USIA-06 OIC-02 NEA-09

EA-06 /102 W

----- 015592

R 041842Z MAR 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8415

INFO ALL EC CAPITALS 416

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E.O. 11652: NA

TAGS: EIND, EEC

SUBJECT: EC RAW MATERIALS POLICY -- PAPER FOR THE "EUROPEAN
COUNCIL"

REF: A) EC BRUSSELS 1725

B) TRANSMITTAL SLIP TO EUR/RPE DATED FEB 26,1975

C) EC BRUSSELS 1369

D) EC BRUSSELS 1519

E) LONDON 2057

1. SUMMARY: A SHORT COMMISSION PAPER ON RAW MATERIALS HAS BEEN
PREPARED AS A BASIS FOR DISCUSSION AT THE "EUROPEAN
COUNCIL" IN DUBLIN. THE THRUST OF THE PAPER IS THAT
THE EC, BEING OVERWHELMINGLY DEPENDENT ON RAW MATERIAL
IMPORTS, MUST HAVE A POSITIVE ATTITUDE TOWARDS SUPPLIER
DEMANDS, TAKE THE LEAD IN THE RAW MATERIAL PRODUCER/
CONSUMER DIALOGUE AND ADOPT POLICIES WHICH ENSURE BOTH
RELIABLE SUPPLIES AT REASONABLE PRICES FOR EUROPE AND
A NEW WORLD BALANCE FAIR TO ALL. END SUMMARY.

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2. THE MISSION HAS OBTAINED ON A CONFIDENTIAL BASIS
A COPY OF THE COMMISSION COMMUNICATION TO THE COUNCIL
ON RAW MATERIALS WHICH HAS BEEN PRPARED FOR THE
"EUROPEAN COUNCIL" TO BE HELD IN DUBLIN ON MARCH 10-
11, (COM(75)84) OF FEB 25, 1975. (A COPY HAS BEEN
TRANSMITTED TO EUR/RPE, ATTENTION HARDING.) THE
COMMUNICATION CONSISTS OF A THREE PAGE PAPER ON THE
ISSUES (DESCRIBED BELOW), AND SEVERAL ANNEXES: A
BRIEF SUMMARY OF THE COMMISSION'S COMMUNICATION TO
THE COUNCIL ON RAW MATERIALS (SEE REFS B AND C),
A LISTING OF INTERNATIONAL FORA WHERE RAW MATERIAL
PROBLEMS ARE BEING DISCUSSED, A TABLE ON EC
DEPENDENCE ON IMPORTED RAW MATERIAL SUPPLIES AND
AN INDEX OF RAW MATERIAL PRICES SHOWING PRICE
FLUCTUATIONS OVER THE PAST FIVE YEARS.

3. IN BRIEF, THE IDEA THE COMMISSION IS CONVEYING
IS THAT AS THE EC RELIES OVERWHELMINGLY ON IMPORTED
RAW MATERIALS, IT MUST ADDRESS ITSELF TO THE
NEW DEMANDS BEING POSED BY THE PRODUCING COUNTRIES IN ORDER
TO INSURE RELIABLE SUPPLIES AT REASONABLE PRICES.
THE NEW STRATEGY OF THE RAW MATERIAL PRODUCERS
REQUIRES A COMPREHENSIVE RESPONSE INVOLVING A
LASTING AND BALANCED INTER-DEPENDENCE. POSITIVE
ATTITUDES AND POLICIES ARE REQUIRED.

4. REGARDING POLICIES, THE PAPER DISTINGUISHES
BETWEEN THOSE OF A GENERAL NATURE AND THOSE
REQUIRED ON A PRODUCT-BY-PRODUCT BASIS. REGARDING
THE FORMER, IT CITES THE EC'S DESIRE TO DISCUSS
EXPORT RESTRICTION RULES IN THE MTN AND NOTES THE
EXPORT EARNING STABILIZATION SCHEME (STABEX) AND
SUGAR ARRANGEMENTS IN THE LOME AGREEMENT (SEE
REF D). REGARDING PROBLEMS THAT CAN ONLY BE
SOLVED ON A PRODUCT-BY-PRODUCT BASIS, IT NOTES A
PREFERENCE FOR INTERNATIONAL COMMODITY ARRANGEMENTS
WHENEVER POSSIBLE, BUT RECOGNIZES THAT IN SOME
CIRCUMSTANCES THE EC WILL BE REQUIRED TO ADOPT A
SUPPLIER-BY-SUPPLIER BILATERAL APPROACH.

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5. THE PAPER SAYS THAT THE EC MUST WORK OUT
MEASURES TO REDUCE SHORT-TERM COMMODDITY FLUCTUATIONS
AND SHOULD CONTINBUTE A NEW WORLD BALANCE, FAIR
TO ALL, WITHOUT DESTROYING THE BASIC ECONOMIC
MECHANISMS. IN THIS REGARD, IT STATES CONSIDERATION
MUST BE GIVEN T PRICE STABILIZATION ARRANGEMENTS,
COOPERATION AGREEMENTS, STOCK PILING AND ENCOURAGEMENT
FOR INVESTMENT IN MINING. THROUGHT MUST ALSO BE GIVEN

TO MEASURES WHICH INSURE THAT THE MOVEMENT OF PRIMARY
MANUFACTURING ACTIVITIES TOWARD SUPPLIER COUNTRIES
TAKES PLACE IN AN ORDERLY MANNER.

6. THE PAPER RECOMMENDS THAT THE EC MAKE IT CLEAR
THAT IT INTENDS TO PURSUE A CONSTRUCTIVE DIALOGUE
ON RAW MATERIALS IN THE UN, GATT, UNCTAD, ETC.
FINALLY, THE PAPER CALLS UPON THE EC TO TAKE THE
LEAD IN THE RAW MATERIAL PRODUCER/CONSUMER DIALOGUE.

7. COMMENT: THE COMMISSION PAPER WHICH IS DESIGNED
TO BE THE BASIS FOR A WIDE RANGING DISCUSSION AT
DUBLIN, IS THE COMMISSION RESPONSE TO A PAPER
REPORTEDLY CIRCULATED BY THE BRITISH PERMANENT
REPRESENTATIVE ON RAW MATERIALS. CONTACTS IN THE
UK PERMREP HAVE SPOKEN TO US ABOUT PRIME MINISTER
WILSON'S PERSONAL INTEREST IN THIS SUBJECT (SEE
REFTEL E). GREENWALD

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, RAW MATERIALS, PRODUCTION, CONSUMPTION, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU01882
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750076-0363
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750386/aaaacyyq.tel
Line Count: 133
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 1725
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2003 by ShawDG>; APPROVED <16 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC RAW MATERIALS POLICY -- PAPER FOR THE "EUROPEAN COUNCIL"
TAGS: EIND, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006